

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 8, 2021

CHISPA East Garrison Apartments, located at East Garrison in Monterey, requested and is being recommended for a reservation of \$2,251,518 in annual federal tax credits to finance the new construction of 65 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by CHISPA, Inc. and will be located in Senate District 17 and Assembly District 29.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Joe Serna, Jr. FWHG program of HCD.

Project Number CA-21-634

Project Name CHISPA East Garrison Apartments
 Site Address: 21231 Ord Avenue and 21131 Ord Avenue
 East Garrison CA 93933 County: Monterey
 Census Tract: 141.57

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,251,518	\$0
Recommended:	\$2,251,518	\$0

Applicant Information

Applicant: CHISPA East Garrison LP
 Contact: Andy Simer
 Address: 295 Main Street, Suite 100
 Salinas CA 93901
 Phone: (831) 757-6251
 Email: asimer@chispahousing.org

General Partner(s) or Principal Owner(s): CHISPA, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): CHISPA, Inc.
 Developer: CHISPA, Inc.
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: Community Economics, Inc.
 Management Agent: CHISPA Housing Management, Inc. (CHMI)

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 66
 No. / % of Low Income Units: 65 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (15 Units - 23%)

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 7	11%
50% AMI: 24	37%
60% AMI: 18	28%
80% AMI: 16	25%

Unit Mix

4 1-Bedroom Units
30 2-Bedroom Units
32 3-Bedroom Units
<u>66 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	\$572
2 1 Bedroom	50%	\$953
1 1 Bedroom	60%	\$1,144
3 2 Bedrooms	30%	\$687
12 2 Bedrooms	50%	\$1,145
8 2 Bedrooms	60%	\$1,374
7 2 Bedrooms	80%	\$1,832
3 3 Bedrooms	30%	\$793
10 3 Bedrooms	50%	\$1,322
9 3 Bedrooms	60%	\$1,587
9 3 Bedrooms	80%	\$2,116
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$155,001
Construction Costs	\$32,199,184
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,223,918
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$781,285
Const. Interest, Perm. Financing	\$2,204,768
Legal Fees	\$220,000
Reserves	\$349,293
Other Costs	\$2,703,990
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$45,537,440

Residential

Construction Cost Per Square Foot:	\$377
Per Unit Cost:	\$689,961
True Cash Per Unit Cost*:	\$669,061

Construction Financing

Source	Amount
Chase Bank - Tax-Exempt	\$23,744,207
Chase Bank - Taxable	\$11,017,205
Monterey County TIF	\$4,964,375
Tax Credit Equity	\$2,048,500

Permanent Financing

Source	Amount
BellwetherEnterprise	\$9,938,700
HCD Joe Serna Farmworker	\$7,552,822
Monterey County TIF	\$4,964,375
Monterey Bay Community Power	\$165,000
Deferred Developer Fee	\$1,379,382
Solar Equity	\$286,307
General Partner Equity	\$488,859
Tax Credit Equity	\$20,761,995
TOTAL	\$45,537,440

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$43,298,423
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$56,287,950
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,251,518
Total Maximum Annual Federal Credit:	\$2,251,518
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.92213

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

Development costs are roughly \$689,961 per unit. The factors affecting this cost includes high labor costs for the area, high lumber and metal costs, and the project paying prevailing wage.

This project involves the construction of two new scattered-site buildings.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.